

79-1060

Township of Denmark
Tuscola County, Michigan

Financial Statements

June 30, 2004



REHMANN ROBSON

Certified Public Accountants

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Denmark Township	County Tuscola
Audit Date 6/30/04	Opinion Date 8/6/04	Date Accountant Report Submitted to State:	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

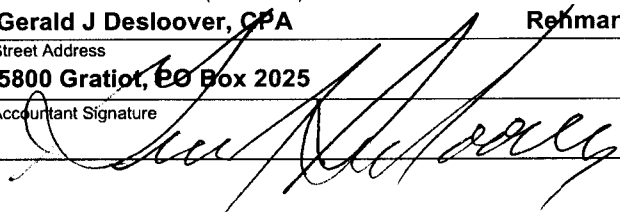
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Gerald J Desloover, CPA Rehmann Robson			
Street Address 5800 Gratiot, Box 2025		City Saginaw	State MI
Accountant Signature 		ZIP 48605	Date 8/19/04

TOWNSHIP OF DENMARK

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REHMANN ROBSON

Certified Public Accountants

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An Independent Member of Baker Tilly International

INDEPENDENT AUDITORS' REPORT

August 6, 2004

To the Township Board
Township of Denmark
Tuscola County, Michigan

We have audited the accompanying financial statements of each major fund of the ***Township of Denmark, Michigan*** as of and for the year ended June 30, 2004, which collectively comprise a portion of the Township's basic financial statements required by accounting principles generally accepted in the United States of America, as listed in the table of contents. These financial statements are the responsibility of the ***Township of Denmark's*** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Township's governmental activities are not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the ***Township of Denmark, Michigan***, as of June 30, 2004, or the changes in its financial position, for the year then ended.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2004, on our consideration of the ***Township of Denmark, Michigan's*** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise a portion of the Township's basic financial statements. The individual fund schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the ***Township of Denmark, Michigan***. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

The ***Township of Denmark, Michigan*** has not presented a Management's Discussion and Analysis (MD&A) as required supplementary information that the *Governmental Accounting Standards Board* has determined is necessary to supplement, although not required to be, a part of the basic financial statements.

A handwritten signature in black ink, reading "Lehmann Lohman". The signature is written in a cursive style with a large, stylized 'L' at the beginning.

FINANCIAL STATEMENTS

TOWNSHIP OF DENMARK

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2004

ASSETS	General	Garbage Collection	Fire Protection	Police	Debt Service	Total Governmental Funds
Cash and cash equivalents	\$ 66,915	\$ 13,453	\$ 491	\$ -	\$ -	\$ 80,859
Investments	150,307	-	-	-	250,568	400,875
Due from other governmental units	20,822	-	-	-	-	20,822
Special assessments receivable - deferred	-	-	-	-	669,432	669,432
Prepaid expenditures	-	-	12,544	-	-	12,544
Total assets	<u>\$238,044</u>	<u>\$ 13,453</u>	<u>\$ 13,035</u>	<u>\$ -</u>	<u>\$920,000</u>	<u>\$ 1,184,532</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 1,575	\$ 6,371	\$ -	\$ -	\$ -	\$ 7,946
Deferred revenue	-	-	-	-	669,432	669,432
Total liabilities	<u>1,575</u>	<u>6,371</u>	<u>-</u>	<u>-</u>	<u>669,432</u>	<u>677,378</u>
Fund balances						
Reserved for debt service	-	-	-	-	250,568	250,568
Reserved for prepaid expenditures	-	-	12,544	-	-	12,544
Unreserved:						
Designated for subsequent year's expenditures	62,624	-	-	-	-	62,624
Undesignated	173,845	7,082	491	-	-	181,418
Total fund balances	<u>236,469</u>	<u>7,082</u>	<u>13,035</u>	<u>-</u>	<u>250,568</u>	<u>507,154</u>
Total liabilities and fund balances	<u>\$238,044</u>	<u>\$ 13,453</u>	<u>\$ 13,035</u>	<u>\$ -</u>	<u>\$920,000</u>	<u>\$ 1,184,532</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF DENMARK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2004

	General	Garbage Collection	Fire Protection	Police	Debt Service	Total Governmental Funds
Revenues						
Taxes	\$121,805	\$ -	\$ 17,180	\$ -	\$107,277	\$ 246,262
State revenue	128,070	-	-	1,428	-	129,498
Charges for services	4,353	75,000	-	664	-	80,017
Interest	7,733	-	-	-	3,576	11,309
Other	4,400	-	-	110	-	4,510
Total revenues	<u>266,361</u>	<u>75,000</u>	<u>17,180</u>	<u>2,202</u>	<u>110,853</u>	<u>471,596</u>
Expenditures						
Current:						
General government	112,182	-	-	-	-	112,182
Public safety	759	-	16,499	65,895	-	83,153
Public works	104,211	75,739	-	-	-	179,950
Health and welfare	26,292	-	-	-	-	26,292
Recreation and cultural	20,000	-	-	-	-	20,000
Debt service	-	-	-	-	109,055	109,055
Capital outlay	3,447	-	-	1,039	-	4,486
Total expenditures	<u>266,891</u>	<u>75,739</u>	<u>16,499</u>	<u>66,934</u>	<u>109,055</u>	<u>535,118</u>
Revenues over (under) expenditures	<u>(530)</u>	<u>(739)</u>	<u>681</u>	<u>(64,732)</u>	<u>1,798</u>	<u>(63,522)</u>
Other financing sources (uses)						
Transfers in	-	-	-	64,732	-	64,732
Transfers (out)	(64,732)	-	-	-	-	(64,732)
Total other financing sources (uses)	<u>(64,732)</u>	<u>-</u>	<u>-</u>	<u>64,732</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(65,262)	(739)	681	-	1,798	(63,522)
Fund balances, beginning of year	<u>301,731</u>	<u>7,821</u>	<u>12,354</u>	<u>-</u>	<u>248,770</u>	<u>570,676</u>
Fund balances, end of year	<u>\$236,469</u>	<u>\$ 7,082</u>	<u>\$ 13,035</u>	<u>\$ -</u>	<u>\$250,568</u>	<u>\$ 507,154</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF DENMARK

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Taxes	\$ 121,496	\$ 121,496	\$ 121,805	\$ 309
State revenue	131,765	131,765	128,070	(3,695)
Charges for services	4,550	4,550	4,353	(197)
Interest	5,000	5,000	7,733	2,733
Other	1,250	1,250	4,400	3,150
Total revenues	<u>264,061</u>	<u>264,061</u>	<u>266,361</u>	<u>2,300</u>
Expenditures				
Current:				
General government	124,219	117,379	112,182	5,197
Public safety	1,077	1,077	759	318
Public works	101,953	107,435	104,211	3,224
Health and welfare	26,242	26,292	26,292	-
Recreation and cultural	20,000	20,000	20,000	-
Miscellaneous	1,000	1,000	-	1,000
Capital outlay	-	2,500	3,447	(947)
Total expenditures	<u>274,491</u>	<u>275,683</u>	<u>266,891</u>	<u>8,792</u>
Revenues over (under) expenditures	<u>(10,430)</u>	<u>(11,622)</u>	<u>(530)</u>	<u>11,092</u>
Other financing(uses)				
Transfers (out)	<u>(66,270)</u>	<u>(66,270)</u>	<u>(64,732)</u>	<u>1,538</u>
Net change in fund balance	<u>(76,700)</u>	<u>(77,892)</u>	<u>(65,262)</u>	<u>12,630</u>
Fund balance, beginning of year	<u>301,731</u>	<u>301,731</u>	<u>301,731</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 225,031</u></u>	<u><u>\$ 223,839</u></u>	<u><u>\$ 236,469</u></u>	<u><u>\$ 12,630</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF DENMARK

GARBAGE COLLECTION FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Charges for services:				
Refuse collection fee	\$ 76,100	\$ 76,100	\$ 75,000	\$ (1,100)
Expenditures				
Public works:				
Rubbish collection	<u>76,100</u>	<u>76,100</u>	<u>75,739</u>	<u>361</u>
Net change in fund balance	-	-	(739)	(739)
Fund balance, beginning of year	<u>7,821</u>	<u>7,821</u>	<u>7,821</u>	<u>-</u>
Fund balance, end of year	<u>\$ 7,821</u>	<u>\$ 7,821</u>	<u>\$ 7,082</u>	<u>\$ (739)</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF DENMARK

FIRE PROTECTION FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Current property taxes	\$ 16,425	\$ 16,425	\$ 17,180	\$ 755
Expenditures				
Public safety:				
Standby fees	<u>16,425</u>	<u>16,425</u>	<u>16,499</u>	<u>(74)</u>
Net change in fund balance	-	-	681	681
Fund balance, beginning of year	<u>12,354</u>	<u>12,354</u>	<u>12,354</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 12,354</u></u>	<u><u>\$ 12,354</u></u>	<u><u>\$ 13,035</u></u>	<u><u>\$ 681</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF DENMARK

POLICE FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
State shared revenue	\$ 1,500	\$ 1,500	\$ 1,428	\$ (72)
Charges for services - fines	75	75	664	589
Other	100	100	110	10
Total revenues	<u>1,675</u>	<u>1,675</u>	<u>2,202</u>	<u>527</u>
Expenditures				
Public safety:				
Wages, benefits and payroll taxes	51,610	51,610	51,431	179
Supplies	500	500	225	275
Auto expense	3,600	3,600	3,951	(351)
Insurance	7,100	7,100	7,759	(659)
Other	3,135	3,135	2,529	606
Capital outlay	2,000	2,000	1,039	961
Total expenditures	<u>67,945</u>	<u>67,945</u>	<u>66,934</u>	<u>1,011</u>
Revenues over (under) expenditures	(66,270)	(66,270)	(64,732)	1,538
Other financing sources				
Transfers in	<u>66,270</u>	<u>66,270</u>	<u>64,732</u>	<u>(1,538)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF DENMARK

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Denmark Township ("the Township") has determined that no entities should be consolidated into its financial statements as component units. Therefore, the reporting entity consists only of the primary government. The criteria for including a component unit include entities for which the government is considered to be financially accountable.

FINANCIAL STATEMENTS

Under governmental accounting standards, the Township is required to present government-wide financial statements (i.e., a statement of net assets and a statement of activities), which are to be reported using the economic resources measurement focus and the accrual basis of accounting. The Township has not presented the required government-wide financial statements, as they have not maintained a list of capital assets or depreciated such assets.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

TOWNSHIP OF DENMARK

NOTES TO FINANCIAL STATEMENTS

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *garbage collection fund* accounts for the contractual services the Township has retained for garbage/trash removal.

The *fire protection fund* accounts for the separate voted millage and the related payments of fire standby fees.

The *police fund* accounts for the separate voted millage and the related operation of the police departments.

The *debt service fund* accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related cost.

BUDGETS AND BUDGETARY ACCOUNTING

Comparisons to budget are presented for the general fund and special revenue funds. Budgets are adopted on the modified accrual basis which is consistent with generally accepted accounting principles (GAAP). Any revisions that alter the total expenditures of any fund must be approved by the Township Board.

Budgeted amounts are as originally adopted, or as amended by the Township Board. Budgets are adopted at the activity level for the General Fund and function level for the special revenue funds.

ASSETS, LIABILITIES AND EQUITY

Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

TOWNSHIP OF DENMARK

NOTES TO FINANCIAL STATEMENTS

Investments are reported at fair value.

Receivables and payables

Township property taxes are attached as an enforceable lien on property as of December 1st. Taxes are levied December 1st and are due without penalty on or before March 1st. Real property taxes not collected as of March 1st are turned over to Tuscola County for collection, which advances the Township 100% for the delinquent taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer.

Property taxes levied in December of each year are recognized as revenue in that fiscal year.

Capital assets

Capital assets, which include property, plant, equipment and public domain (infrastructure) assets, are not reported in the financial statements. Any outlays for capital assets are recorded as expenditures at the time of their purchase, in the applicable fund financial statements.

Long-term obligations

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

TOWNSHIP OF DENMARK

NOTES TO FINANCIAL STATEMENTS

Risk management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2004, the Township carried commercial insurance to cover all risk of losses. The Township has had no settled claims resulting from these risks that exceeded their commercial coverage in the past three fiscal years.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETED FUNDS

P.A. 621 of 1978 provides that a local unit shall not incur expenditures in excess of the amount appropriated. The following funds had expenditures in excess of appropriations as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
GENERAL FUND			
General Government			
Cemetery	\$ 8,183	\$ 8,527	\$ (334)
Capital outlay	2,500	3,447	(947)
SPECIAL REVENUE FUNDS			
Fire Protection Fund			
Public Safety			
Standby fees	16,425	16,499	(74)
Police Fund			
Public Safety			
Auto expense	3,600	3,951	(351)
Insurance	7,100	7,759	(659)

TOWNSHIP OF DENMARK
NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS

At June 30, 2004, the carrying amount of the deposits (includes cash and cash equivalents and certificates of deposit classified as investments on the financial statements) owned by the Township was \$481,734 and the bank balance was \$460,781.

<u>Deposits</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 281,833
Uninsured - uncollateralized	<u>178,948</u>
Total	<u>\$ 460,781</u>

Statutory Authority

The Township is authorized by the Township Board to deposit and invest in:

- a. Bonds and other direct obligations of the United States or its agencies.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a qualified financial institution.
- c. Commercial paper rated at time of purchase within the two highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase.
- d. Banker's acceptances of United States banks.
- e. Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.

TOWNSHIP OF DENMARK

NOTES TO FINANCIAL STATEMENTS

4. PENSION PLAN

Beginning July 1, 1991, all appointed officials, elected officials, police chiefs and cemetery custodians of the Township of Denmark are covered by the Denmark Township Pension Plan, a defined contribution pension plan administered by Manulife, Inc. Contributions to the plan are made at fixed rates by the employer based upon actual payrolls. Additional contributions may be made by the employee. Benefits vest 100 percent immediately. Plan provisions and contribution requirements are established and may be amended by the Township board. Employer contributions for the year ended June 30, 2004, amounted to \$11,176, which represents 11.5% of covered payroll. No employee contributions were made.

5. LONG-TERM DEBT

During 1997, Tuscola County issued bonds in the amount of \$1,280,000 to finance the cost of a watermain extension into Denmark Township. The Township has agreed to special assess its property to make payments to the County to cover the principal and interest on the bonds. Final payment occurs in the year 2017.

	<u>Balance</u> <u>July 1, 2003</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2004</u>
Contract payable to Tuscola County, dated 1997, with principal installments of \$60,000 to \$75,000 through November 2017 (4.6% - 7.6% effective rate of interest).	<u>\$980,000</u>	<u>\$ 60,000</u>	<u>\$920,000</u>

TOWNSHIP OF DENMARK

NOTES TO FINANCIAL STATEMENTS

The aggregate debt service requirements to pay principal and interest on this long-term debt are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 60,000	\$ 45,045
2006	60,000	42,255
2007	60,000	39,405
2008	60,000	36,495
2009	65,000	33,400
2010-14	330,000	117,225
2015-17	<u>285,000</u>	<u>29,663</u>
	<u>\$ 920,000</u>	<u>\$ 343,488</u>

* * * * *

**INDIVIDUAL FUND FINANCIAL STATEMENTS AND
SCHEDULES**

TOWNSHIP OF DENMARK

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Taxes:				
Current property taxes	\$ 98,836	\$ 98,836	\$ 100,138	\$ 1,302
Trailer park fees	510	510	506	(4)
Property tax administration fees	<u>22,150</u>	<u>22,150</u>	<u>21,161</u>	<u>(989)</u>
Total taxes	<u>121,496</u>	<u>121,496</u>	<u>121,805</u>	<u>309</u>
State revenue:				
Sales and use tax	<u>131,765</u>	<u>131,765</u>	<u>128,070</u>	<u>(3,695)</u>
Charges for services:				
Cemetery lot sales	500	500	450	(50)
SET assessment	<u>4,050</u>	<u>4,050</u>	<u>3,903</u>	<u>(147)</u>
Total charges for services	<u>4,550</u>	<u>4,550</u>	<u>4,353</u>	<u>(197)</u>
Interest	<u>5,000</u>	<u>5,000</u>	<u>7,733</u>	<u>2,733</u>
Other revenues:				
Zoning appeals	500	500	660	160
Other	<u>750</u>	<u>750</u>	<u>3,740</u>	<u>2,990</u>
Total other revenue	<u>1,250</u>	<u>1,250</u>	<u>4,400</u>	<u>3,150</u>
Total revenues	<u>264,061</u>	<u>264,061</u>	<u>266,361</u>	<u>2,300</u>

TOWNSHIP OF DENMARK

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (Continued) BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Total revenues (pg. 16)	\$ 264,061	\$ 264,061	\$ 266,361	\$ 2,300
Total expenditures (pg. 18)	<u>(274,491)</u>	<u>(275,683)</u>	<u>(266,891)</u>	<u>8,792</u>
Revenues over (under) expenditures	<u>(10,430)</u>	<u>(11,622)</u>	<u>(530)</u>	<u>11,092</u>
Other financing sources (uses)				
Transfers out	<u>(66,270)</u>	<u>(66,270)</u>	<u>(64,732)</u>	<u>1,538</u>
Total other financing sources (uses)	<u>(66,270)</u>	<u>(66,270)</u>	<u>(64,732)</u>	<u>1,538</u>
Net change in fund balances	(76,700)	(77,892)	(65,262)	12,630
Fund balance, beginning of year	<u>301,731</u>	<u>301,731</u>	<u>301,731</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 225,031</u></u>	<u><u>\$ 223,839</u></u>	<u><u>\$ 236,469</u></u>	<u><u>\$ 12,630</u></u>

TOWNSHIP OF DENMARK
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2004

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
General government				
Township board	\$ 34,027	\$ 33,027	\$ 32,556	\$ 471
Township supervisor	21,018	20,318	19,080	1,238
Elections	1,350	1,350	1,003	347
Clerk	15,895	14,295	14,007	288
Board of review	1,744	1,744	1,744	-
Treasurer	27,945	27,152	24,495	2,657
Cemetery	8,940	8,193	8,527	(334)
Township hall and grounds	13,300	11,300	10,770	530
Total general government	124,219	117,379	112,182	5,197
Public safety				
Planning - zoning board of appeals	1,077	1,077	759	318
Public works				
Roads and drains	52,226	61,596	58,591	3,005
Street lights	4,727	4,839	4,838	1
Drain-at-large	45,000	41,000	40,782	218
Total public works	101,953	107,435	104,211	3,224
Health and welfare				
Ambulance service fees	26,242	26,292	26,292	-
Recreation and cultural				
Library	10,000	10,000	10,000	-
Parks	10,000	10,000	10,000	-
Total recreation and cultural	20,000	20,000	20,000	-
Miscellaneous	1,000	1,000	-	1,000
Capital outlay	-	2,500	3,447	(947)
Total expenditures	\$ 274,491	\$ 275,683	\$ 266,891	\$ 8,792



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

August 6, 2004

To the Township Board
Township of Denmark
Tuscola County, Michigan

We have audited the financial statements of the *Township of Denmark, Michigan* as of and for the year ended June 30, 2004, and have issued our report thereon dated August 6, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.


Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Township Board, management, others within the organization, federal awarding agencies and pass through entities and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, reading "Lehmann Lohman".